Investor Briefing

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4th QUARTER 2007

AT&T Delivers Strong Fourth Quarter, Reaffirms 2008 and Multi-Year Outlook; Results Highlighted by Record Wireless Gains, Significant Step Up in Enterprise Services Growth

Results mark AT&T's 11th consecutive quarter and third straight year of double-digit growth in adjusted earnings per share.

AT&T Inc. delivered strong fourth-quarter results and reaffirmed its positive outlook for 2008 and beyond.

Fourth-quarter results were highlighted by sustained double-digit growth in adjusted earnings per share, strong cash generation and solid momentum across key growth areas, including record wireless gains, a significant step up in recurring enterprise services growth, continued double-digit growth in broadband revenues and accelerated expansion of AT&T's next-generation TV service.

AT&T's 2008 outlook includes mid-teens percentage growth in wireless service revenues, mid-single-digit percentage growth in consolidated revenues and continued double-digit growth in adjusted earnings per share.
In the fourth quarter:

- Wireless growth accelerated with net subscriber additions totaling 2.7 million, the largest quarterly wireless subscriber gain ever posted by a U.S. provider. Gross subscriber additions increased to a record 6.0 million, subscriber churn levels declined and wireless data revenues grew 57.5 percent. Total wireless revenues grew 16.3 percent.

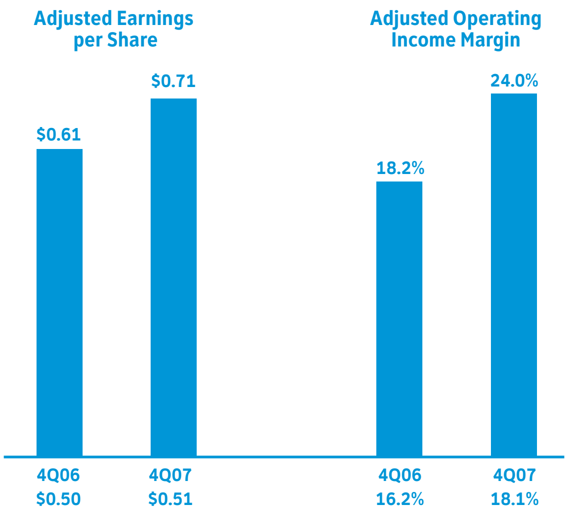
Fourth-Quarter EPS Reconciliation

	4Q07	4Q06
Reported EPS	$0.51	$0.50
Adjustments to results: merger integration costs, amortization costs and Advertising & Publishing purchase accounting effect	0.19	0.11
Adjusted EPS	**$0.71**	**$0.61**

Totals may not foot due to rounding.

AT&T's adjusted operating income margin expanded 580 basis points year over year.

AT&T ADJUSTED EPS AND OPERATING INCOME MARGINS



Merger integration and amortization costs and other one-time items excluded from adjusted EPS: $624 million in 4Q06 and $1,800 million in 4Q07. Excluded from adjusted operating income margins: $315 million in 4Q06 and $1,800 million in 4Q07.

- Enterprise saw further advances in a major turnaround that began two years ago. Recurring enterprise services revenues grew 1.8 percent, an improvement from a 3.5 percent decline in the year-earlier quarter. Enterprise Internet Protocol (IP) data revenues, which include services such as virtual private networking (VPN), hosting and managed Internet services, grew 20.9 percent.
- Installations of AT&T U-verse[SM] video service ramped significantly, as customers continue to respond positively to its high quality and innovative features. At the end of the quarter, AT&T U-verse video subscribers in service totaled 231,000, up from 126,000 three months earlier, and in mid-December installs per week were approximately 12,000.
- Cost savings from AT&T's merger integration initiatives continue to run ahead of schedule, and cash generation continues to be strong. Full-year cash from operating activities totaled $34.1 billion, and free cash flow was $16.4 billion. (Free cash flow is cash from operations minus capital expenditures.)

REVENUE GROWTH

For the quarter ended Dec. 31, 2007, AT&T's reported fourth-quarter revenues totaled $30.3 billion, up from $15.9 billion in the year-earlier quarter. These reported results reflect the Dec. 29, 2006, acquisition of BellSouth Corporation and the accompanying consolidation of wireless results.

As a further basis for comparison, AT&T also provides pro forma results, which combine revenues from AT&T, BellSouth and Cingular Wireless consistently in all periods. On this basis, AT&T's fourth-quarter 2007 revenues totaled $30.4 billion, up 2.9 percent versus results for the year-earlier quarter. Excluding revenues from CPE (customer premises equipment) sales, which AT&T began de-emphasizing after the fourth quarter of 2006, consolidated pro forma revenue growth was 3.5 percent.

AT&T's fourth-quarter revenue growth was driven by a solid mid-teens increase in wireless revenues, improved growth in enterprise services, continued growth in regional business and stable regional consumer revenues. Growth across these areas more than offset anticipated declines in revenues from wholesale and national mass market customers.

REPORTED EARNINGS

AT&T's reported net income for the fourth quarter totaled $3.1 billion, or $0.51 per diluted share, compared with $1.9 billion, or $0.50 per diluted share, in the year-earlier quarter.

Compared with results in the fourth quarter of 2006, reported operating expenses were $24.9 billion, up from $13.3 billion; reported operating income was $5.5 billion, up from $2.6 billion; and AT&T's reported operating income margin was 18.1 percent versus 16.2 percent.

DOUBLE-DIGIT GROWTH IN ADJUSTED EARNINGS PER SHARE

AT&T's adjusted earnings, which exclude costs and accounting effects associated with acquisitions, totaled $4.3 billion, up from $2.4 billion in the year-earlier fourth quarter. Adjusted earnings per diluted share increased 16.4 percent to $0.71, up from $0.61 in the year-earlier quarter.

AT&T's adjusted operating income for the fourth quarter of 2007 was $7.3 billion, versus $2.9 billion in the year-earlier quarter. AT&T's adjusted operating income margin was 24.0 percent, up from 18.2 percent in the fourth quarter of 2006.

AT&T's merger integration initiatives continue on schedule, and merger synergies continue to run ahead of the company's original outlook. For the full year 2007, cost savings from BellSouth and AT&T Corp. merger integration initiatives totaled approximately $4.0 billion, approximately 75 percent expense and 25 percent capital.

INCREASED CASH FROM OPERATIONS

AT&T's cash from operating activities totaled $9.9 billion in the fourth quarter of 2007, up from $5.0 billion in the year-earlier fourth quarter, and $34.1 billion for the full year 2007, up from $15.6 billion for the full year 2006. In addition to operational progress, increased cash from operating activities reflects the inclusion of results from former BellSouth operations and the accompanying consolidation of wireless results.

Full-year capital expenditures totaled $17.7 billion, free cash flow totaled $16.4 billion and free cash flow after dividends totaled $7.6 billion, significantly above AT&T's original 2007 outlook of $5 billion to $6 billion. (Free cash flow is cash from operations minus capital expenditures; free cash flow after dividends also subtracts dividends paid.)

DIVIDENDS AND SHARE REPURCHASES

AT&T continues to return substantial value to shareowners through dividends and share repurchases.

Dividends paid totaled $2.2 billion in the fourth quarter and $8.7 billion for the full year. Shares repurchased totaled $1.5 billion for 37.0 million shares in the fourth quarter, and for the full year 2007 they totaled $10.4 billion for 266.6 million shares. AT&T ended the year with 6.0 billion shares outstanding.

Combining dividends and share repurchases, AT&T returned $19.1 billion of value to shareowners in 2007.

On Dec. 11, 2007, AT&T announced that its board of directors had approved a 12.7 percent increase in the company's quarterly dividend, from $0.355 to $0.40 a share on a quarterly basis and from $1.42 to $1.60 a share on an annualized basis, the largest annual increase in the company's history. The dividend will be payable on Feb. 1, 2008, to common shareowners of record on Jan. 10, 2008.

The board also approved a new authorization for the repurchase of 400 million shares, which represents approximately 6.6 percent of AT&T's shares outstanding as of Dec. 31, 2007. Based on current market conditions and the company's outlook, AT&T expects to complete the repurchases available in the new authorization by the end of 2009. The timing and nature of repurchases are subject to market conditions and applicable securities laws.

STRONG BALANCE SHEET

AT&T's balance sheet continues to be strong. At the end of 2007, AT&T's long-term debt was $57.3 billion, and total debt was $64.1 billion. Cash and cash equivalents at the end of the year totaled $2.0 billion. AT&T's fourth-quarter debt to total capitalization was 35.7 percent, and the company's annual debt-to-EBITDA ratio was 1.5.

ACQUISITIONS

To better serve customers and to expand its long-term potential in key growth areas, AT&T announced and completed a number of acquisitions in the fourth quarter.

- On Oct. 9, AT&T announced an agreement, pending receipt of necessary government approvals, to purchase spectrum licenses in the 700 MHz frequency band from Aloha Partners, L.P. The transaction includes 12 MHz of spectrum covering 196 million people in 281 markets. The spectrum covers many major metropolitan areas, including 72 of the top 100 and all of the top 10 markets in the United States. AT&T will pay approximately $2.5 billion in cash for the licenses.
- On Nov. 2, AT&T announced it had completed the acquisition of Interwise®, a leading global provider of voice, Web and video conferencing services.
- On Nov. 15, AT&T announced it had completed the acquisition of Dobson Communications Corporation, a provider of rural and suburban wireless communications services with nearly 1.7 million subscribers.
- On Dec. 3, AT&T announced a definitive agreement to acquire full ownership in Edge Wireless LLC, a regional wireless company with approximately 172,000 subscribers that operates in several markets in the Pacific Northwest. Under the terms of the agreement, AT&T, which has held a minority ownership interest since the inception of Edge Wireless in 2000, will acquire the remaining 64.3 percent of the company.
- On Dec. 10, AT&T announced the acquisition of Ingenio, a leading provider of Pay Per Call® technology. Integrating Ingenio's Pay Per Call solutions into AT&T's suite of offerings for advertisers will allow AT&T to provide an alternate performance-based lead-generation tool for businesses.

2008 AND MULTI-YEAR OUTLOOK

As outlined at its Dec. 11, 2007, analyst conference, AT&T is confident in its outlook for sustained double-digit growth in adjusted earnings per share driven by advances in wireless, broadband, enterprise, IP data and a new generation of converged services. This outlook takes into account current consumer access line and broadband market conditions and resulting impacts on consumer volumes. AT&T expects to deliver:

- Further ramp in consolidated revenue growth into the mid-single-digit range in 2008 with growth in the mid-single-digits or better in the years following.
- Continued mid-teens wireless service revenue growth in 2008, including results from the acquisition of Dobson Communications, reflecting strong subscriber growth and continued robust growth in wireless data services.

- Positive growth in enterprise revenues throughout 2008 with line of sight to mid-single-digit enterprise revenue growth by 2010.
- Positive regional consumer revenue growth in 2008 and beyond driven by video, broadband and converged services, and continued mid-single-digit growth in regional business revenues.
- A 2008 adjusted consolidated operating income margin in the 25 percent to 26 percent range, up from 23.8 percent for the full year 2007, reflecting continued wireless progress and increased expense savings from merger synergies and operational initiatives, which are expected to offset expected increased expense for deployment of AT&T U-verse services.
- An adjusted wireless OIBDA service margin for the full year 2008 in the low-40 percent range, trending toward the mid-40 percent range by year's end.
- Continued double-digit growth in adjusted earnings per share in 2008. AT&T is confident that its ramping revenue growth combined with continuous cost improvements and share repurchases give it the ability to deliver sustained double-digit growth in adjusted earnings per share and strong growth in free cash flow in 2008 and on an ongoing basis.
- 2008 free cash flow in the $16 billion to $17 billion range. (Free cash flow is cash from operations minus capital expenditures.)
- Continued capital expenditures in the mid-teens as a percentage of total revenues as the company expands its advanced wireless and wired network capabilities.
- Significant progress in AT&T U-verse deployment with total AT&T U-verse video subscribers expected to exceed 1 million by the end of 2008. For the full year 2008, AT&T's outlook anticipates additional dilution from its U-verse deployment of approximately $0.12 to $0.14 per share.
- Substantial opportunities to reduce costs over the next few years. AT&T expects its annual operating expense savings run rate from AT&T Corp. and BellSouth merger synergies and from operational initiatives to increase by approximately $2 billion from 2007 levels to approximately $5.9 billion in 2008 and more than $7.0 billion in 2010.

ADDITIONAL BACKGROUND ON ADJUSTED AND PRO FORMA RESULTS

AT&T's reported revenues, expenses and operating income for the fourth quarter of 2006 do not include revenues and expenses from BellSouth Corporation prior to Dec. 29, 2006, when AT&T acquired the company. Nor do they include results from Cingular Wireless, whose results before the BellSouth transaction were accounted for as part of a joint venture. To give investors further basis for comparison, in addition to historical reported results, AT&T has provided supplementary pro forma results for 2005 and 2006, which combine revenues from AT&T, BellSouth and Cingular Wireless consistently in all periods. These pro forma results are available at *www.att.com/investor.relations*.

AT&T's adjusted earnings for the fourth quarter of 2007 exclude (1) pretax integration and amortization costs totaling $1.8 billion related to acquisitions and (2) a reduction to operating income of $36 million due to the merger-related purchase accounting treatment of deferred Advertising & Publishing revenues and associated expenses. Combined, these adjustments reduced fourth-quarter 2007 reported earnings per share by $0.19. Adjusted results for the fourth quarter of 2006 excluded pretax merger-related costs totaling $624 million, or $0.11 per diluted share.

AT&T's 2007 Advertising & Publishing results are affected by the BellSouth acquisition. Prior to its acquisition by AT&T, BellSouth amortized the revenues and expenses of printed directory advertising books over the lives of the directories, typically 12 months. In accordance with purchase accounting rules, BellSouth's deferred revenues and expenses for all directories delivered prior to the close of the merger have been eliminated in consolidated results. In 2007, eliminating this amortization resulted in reductions to consolidated revenues, expenses and net income from the pre-acquisition BellSouth directory operations, but the adjustment did not affect cash from operations. These adjustments reduced fourth-quarter 2007 consolidated revenues by $53 million and consolidated operating expenses by $17 million.

AT&T continues to manage its print directory business using amortized results. As a result, amortized results are shown in the Advertising & Publishing segment on AT&T's Statement of Segment Income. In 2008, consolidated and segment results will both reflect amortization accounting.

As shown in AT&T's Statement of Segment Income, AT&T's Advertising & Publishing revenues totaled $1.5 billion in the fourth quarter, operating expenses were $1.0 billion and operating income was $507 million.

Also excluding merger-related intangible amortization and integration costs, fourth-quarter Advertising & Publishing operating expenses were $790 million and operating income was $683 million.

Wireless

AT&T accelerated wireless growth in the fourth quarter with strong data revenues and the largest-ever quarterly net subscriber gain by any U.S. provider.

Driven by its broad, high-quality network, cutting-edge handset selection and extensive sales reach, AT&T delivered strong wireless growth in the fourth quarter. Results included record subscriber gains, mid-teens percentage growth in wireless revenues and robust growth in operating income.

RECORD SUBSCRIBER GAINS

AT&T's net gain of 2.7 million wireless subscribers was the highest quarterly subscriber increase ever for any U.S. wireless provider, up 13.5 percent from 2.4 million net adds in the year-earlier fourth quarter. This year-over year improvement in quarterly net adds was almost entirely driven by stronger growth in retail postpaid net adds, which totaled 1.2 million, up 36.8 percent versus results in the year-earlier quarter.

In addition, AT&T's acquisition of Dobson Communications, which was completed on Nov. 15, 2007, added 1.7 million subscribers, bringing AT&T's wireless subscriber base at year end to 70.1 million.

AT&T also delivered the industry's best-ever quarterly gross wireless subscriber additions, which totaled 6.0 million, up 9.6 percent versus the year-earlier fourth quarter.

Total average monthly subscriber churn was 1.7 percent, down 10 basis points from the year-earlier quarter and flat versus the third quarter of 2007. Retail postpaid churn was 1.2 percent in the fourth quarter, down 30 basis points from the year-earlier quarter and down 10 basis points versus the third quarter of 2007.

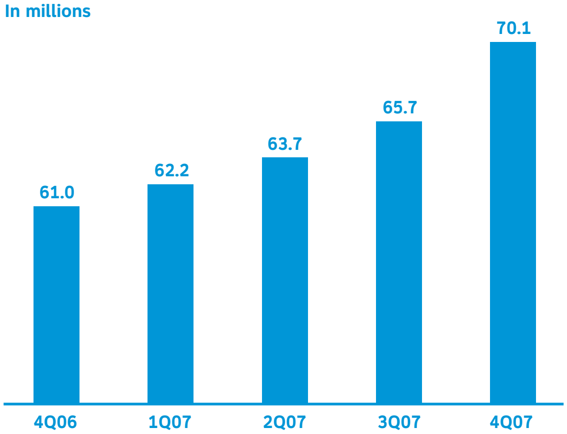
Churn improvements reflect improved network performance and high-quality customer care. Total churn levels reflect modest pressure from the company's ongoing transition of customers from its TDMA platform to its GSM network. The transition is expected to be completed in the first quarter of 2008. At the end of 2007, fewer than 400,000 subscribers remained on the company's TDMA platform, and approximately one-third of them were retail postpaid customers.

ACCELERATED WIRELESS REVENUE GROWTH

AT&T's total wireless revenues were $11.4 billion in the fourth quarter, up 16.3 percent versus the year-earlier quarter. This marked AT&T's sixth consecutive quarter of improved wireless revenue growth. Wireless service revenues, which exclude handset and accessory sales, grew 15.7 percent to $10.2 billion in the fourth quarter.

AT&T's wireless subscriber base increased by more than 9 million over the past year, reflecting strong internal growth and the acquisition of Dobson Communications.

AT&T WIRELESS SUBSCRIBERS
In millions

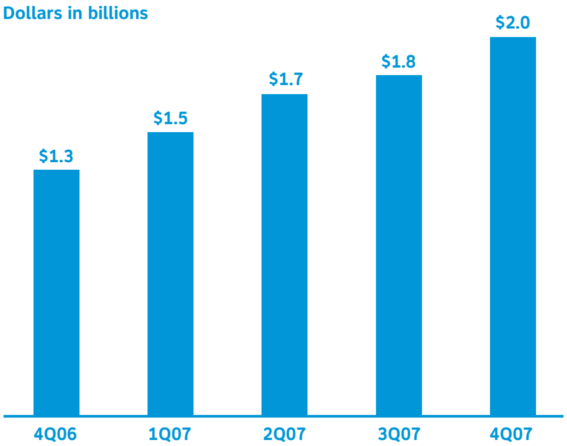


AT&T also posted its sixth consecutive quarter of year-over-year growth in wireless service ARPU (average monthly revenues per subscriber), which was $50.28 in the fourth quarter, up 1.9 percent versus the year-earlier quarter. Retail postpaid subscriber ARPU growth was even stronger, up more than 5 percent.

Wireless data revenues increased 57.5 percent versus results in the year-earlier quarter, with strong growth across all data product categories including, data access, e-mail and Internet access. Data now makes up 19.9 percent of AT&T's total wireless service revenues, up from 14.6 percent in the fourth quarter of 2006. AT&T's postpaid data wireless ARPU reached $12.00, having grown nearly 50 percent over the past year.

AT&T's wireless data revenues grew 57.5 percent year over year, driven by gains in messaging, e-mail, data access, media bundles and Internet access.

AT&T WIRELESS DATA REVENUES
Dollars in billions



Data growth is driven by increased usage by both business customers and consumers. During the fourth quarter, AT&T's wireless customers sent 496 million multimedia messages and more than 32 billion text messages, both volumes more than double totals in the year-earlier quarter.

AT&T expects continued robust growth in data services as increasing numbers of customers choose smart phones and integrated devices. Currently 12 percent of AT&T's subscribers have these devices. Data growth is also spurred by an increasing number of subscribers using AT&T's 3G network, which now includes more than 260 U.S. metropolitan areas. At the end of the quarter, more than 9 million AT&T customers were using 3G devices, almost all of them added during the past year.

In 2008, AT&T expects continued mid-teens wireless service revenue growth, including results from the acquisition of Dobson Communications, reflecting strong subscriber growth and continued robust growth in wireless data services.

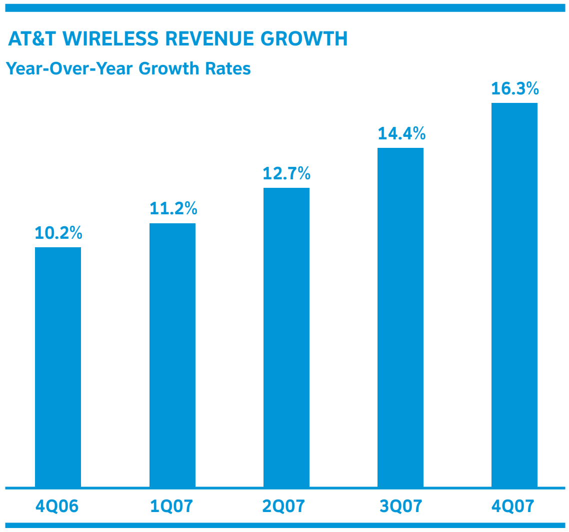
OPERATING INCOME GROWTH, MARGIN EXPANSION

Mid-teens percentage growth in wireless revenues, combined with operational improvements, continues to drive substantial margin expansion and strong increases in wireless operating income.

On a reported basis, AT&T's fourth-quarter 2007 wireless operating expenses totaled $9.4 billion, and operating income was $1.9 billion, up 45.0 percent from $1.3 billion in the fourth quarter of 2006.

Before merger-related costs, wireless operating expenses totaled $8.4 billion, and operating income totaled $2.9 billion, up 58.2 percent from $1.8 billion in the fourth quarter of 2006.

AT&T delivered its sixth consecutive quarter of accelerated growth in wireless revenues, reflecting solid subscriber gains and robust data growth.

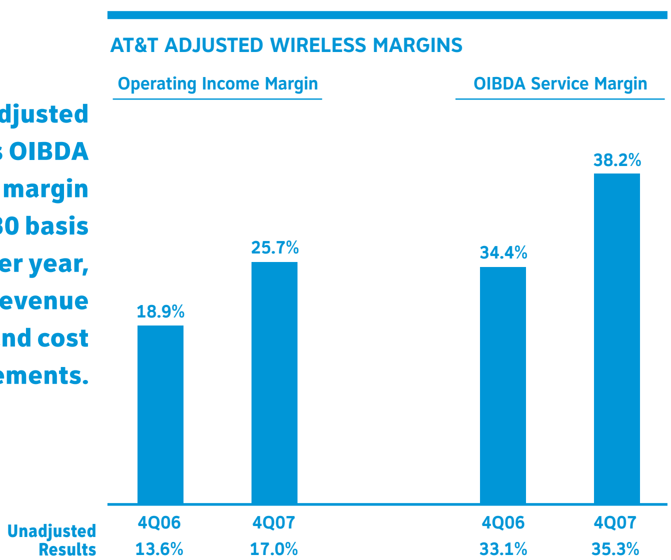


AT&T's fourth-quarter reported wireless operating income margin was 17.0 percent, up from 13.6 percent in the year-earlier quarter. Before merger-related costs, AT&T's fourth-quarter adjusted wireless operating income margin was 25.7 percent, up from 18.9 percent in the year-earlier quarter.

AT&T's unadjusted fourth-quarter wireless OIBDA service margin was 35.3 percent, up from 33.1 percent in the year-earlier quarter. Before merger-related costs, AT&T's wireless OIBDA service margin was 38.2 percent, up from 34.4 percent for the year-earlier quarter. (OIBDA service margin is operating income before depreciation and amortization, divided by total service revenues.)

In 2008, AT&T expects to achieve a wireless OIBDA margin for the full year in the low-40 percent range, trending toward the mid-40 percent range by year's end.

AT&T's adjusted wireless OIBDA service margin expanded 380 basis points year over year, driven by revenue growth and cost improvements.



Merger integration and intangible amortization costs excluded from adjusted operating income margins: $516 million in 4Q06 and $991 million in 4Q07. Merger integration costs excluded from adjusted OIBDA service margins: $115 million in 4Q06 and $295 million in 4Q07.

LEADER IN WIRELESS INNOVATION

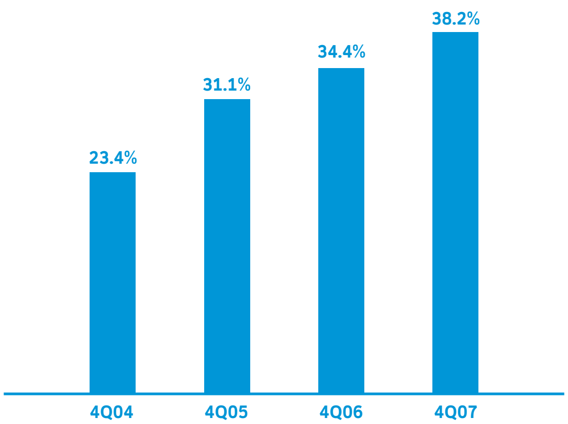
AT&T is the United States' wireless leader with 70.1 million subscribers, operates the nation's largest wireless digital voice and data network, and through roaming alliances around the world, provides the largest global presence among U.S. wireless carriers.

In addition to enhancing its network coverage and performance, AT&T sets the pace for innovation in wireless to deliver an unmatched customer experience with a host of cutting-edge devices, content and services. In the fourth quarter, AT&T:

- Built on the success of its exclusive U.S. launch of the revolutionary Apple iPhone with a new international data plan for iPhone subscribers. The plan gives iPhone users 50 MB of data per month to browse the Web, check e-mail and access other information in more than 29 countries, including Canada, China, Mexico, and in areas throughout Europe and Asia. AT&T is the exclusive U.S. carrier partner for the iPhone.
- Joined with Samsung and Microsoft to launch the BlackJack II from AT&T, which brings the personal computer experience to a compact wireless device. The BlackJack II is among the first Windows Mobile 6 devices from AT&T to support Microsoft's System Center Mobile Device Manager 2008, which offers companies an end-to-end solution for managing and securing Windows Mobile devices, giving employees access to company information and business applications from a single,

AT&T's adjusted wireless OIBDA service margin has expanded 1,480 basis points over the past three years.

AT&T ADJUSTED WIRELESS OIBDA SERVICE MARGINS



	4Q04	4Q05	4Q06	4Q07
Unadjusted Results	19.5%	29.4%	33.1%	35.3%

Merger integration costs and other one-time items excluded from adjusted OIBDA service margins: $245 million in 4Q04, $130 million in 4Q05, $115 million in 4Q06 and $295 million in 4Q07.

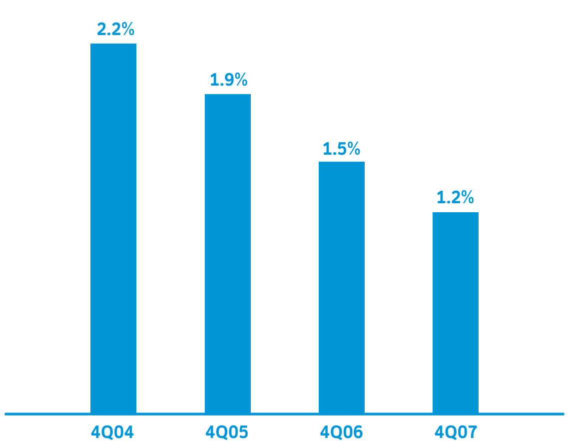
secure place behind the firewall by using a cutting-edge Mobile VPN.

- Introduced the Pantech Duo™, a 3G global smart device available in the United States exclusively from AT&T. The Duo features both a full QWERTY and a numeric keypad. The drop-down QWERTY keyboard is perfect for writing e-mail and editing Microsoft Word and Excel documents; the numeric keypad is ideal for sending quick texts and dialing on the run. The Pantech Duo is powered by the Windows Mobile 6 operating system. AT&T has the broadest portfolio of Windows Mobile devices of any U.S. carrier.
- Announced the exclusive launch of the SLM™, Samsung's newest lightweight mobile phone with music and multimedia capabilities. The SLM features Napster Mobile™, a new service that enables AT&T's wireless customers to easily search a music catalog of 5 million songs and purchase and download songs in less than a minute. AT&T is the only national provider to enable customers to purchase full-track songs over the air from both Napster® and eMusic®, the world's largest retailer of independent music.
- Launched a comprehensive, easy-to-use mobile banking service that will enable consumers to view account balances and history, transfer funds and pay bills from their AT&T mobile handsets. Through an innovative relationship, AT&T, Wachovia Corp., SunTrust Banks Inc., mobile banking and payment enabler Firethorn Holdings LLC, and Firethorn's strategic partner, CheckFree Corp., are providing a mobile banking solution that is accessible to millions of Wachovia and SunTrust customers.
- Announced the exclusive launch of the AT&T Tilt™, the most feature-packed smart device available in the United States. The AT&T Tilt features a 2.8-inch color screen that slides back to reveal a full QWERTY keyboard, then tilts up to position the screen. The AT&T Tilt was the first AT&T-enabled Windows Mobile 6 smart device.

AT&T's wireless postpaid churn has improved dramatically, down 30 basis points year over year and down 100 basis points over the past three years.

AT&T WIRELESS POSTPAID CHURN

Average Monthly Subscriber Churn



Wireline

Fourth-quarter results in AT&T's wired operations were highlighted by further advances in enterprise services and accelerated growth in next-generation TV service.

Fourth-quarter results in AT&T's wired operations were highlighted by a step up in recurring enterprise services growth, with a 20.9 percent increase in enterprise IP data revenues, and by stable trends in regional operations, with continued double-digit growth in broadband and an accelerated ramp in AT&T U-verse interactive TV service.

AT&T's wireline segment includes the company's global enterprise and wholesale businesses, its regional consumer and business operations and its national mass markets unit, which includes the small remainder of AT&T's stand-alone long distance and local bundled business where proactive marketing was discontinued in 2004.

Total wireline segment revenues in the fourth quarter were $17.7 billion versus a reported $14.3 billion in the year-earlier quarter, prior to consolidation of the former BellSouth Corporation revenues into the segment.

Versus pro forma results for the year-earlier quarter, wireline revenues declined 4.1 percent, reflecting: (1) the continued effects of industry consolidation on wholesale comparisons; (2) anticipated declines in national mass markets, reflecting the company's continued harvest and migration strategy for these customers; and (3) significantly lower levels of enterprise CPE revenues in the fourth quarter of 2007, reflecting the company's decision to de-emphasize enterprise CPE sales starting with the first quarter of 2007. These three factors accounted for nearly 100 percent of the year-over-year decline in wireline revenues. Excluding enterprise CPE sales from all periods, pro forma wireline revenues declined 3.2 percent in the fourth quarter.

In 2008, AT&T expects that disparities in CPE sales totals will not have a meaningful impact on quarterly comparisons, and it anticipates that wholesale revenue trends will stabilize, as carrier traffic migration nears completion and as AT&T benefits from its alliance with IBM and similar agreements. In addition, as national mass market revenues decline further, they will represent a smaller portion of the wireline segment. In the fourth quarter of 2007, they represented just 4.5 percent of total wireline revenues but accounted for more than 50 percent of the category's year-over-year decline.

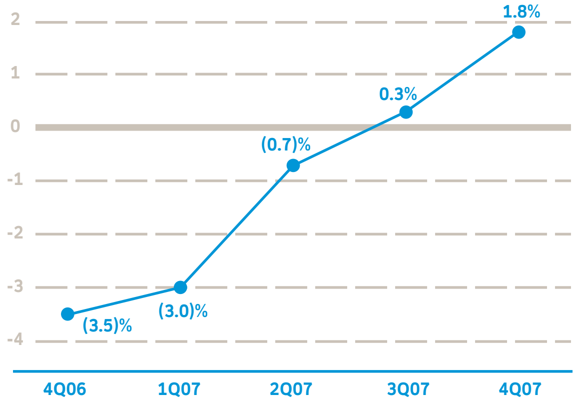
On a reported basis, fourth-quarter 2007 wireline operating expenses totaled $14.8 billion, up from a reported $12.4 billion in the year-earlier quarter, and operating income was $2.9 billion, up from $1.9 billion in the fourth quarter of 2006. AT&T's fourth-quarter reported wireline operating income margin was 16.3 percent versus 13.4 percent in the year-earlier period.

Before merger-related costs, fourth-quarter wireline operating expenses totaled $14.2 billion, operating income was $3.4 billion and AT&T's wireline operating income margin was 19.4 percent.

AT&T's enterprise service revenue growth rate continues to ramp, driven by solid data volumes including strong double-digit growth in IP-based services.

AT&T ENTERPRISE SERVICE REVENUE GROWTH RATES

Excludes CPE revenues and revenues from acquired assets



4Q06 results are pro forma, combining results from the former BellSouth and AT&T. Year-over-year growth rates for total enterprise revenues including CPE and acquired assets: (3.5)% for 4Q06, (3.8)% for 1Q07, (1.8)% for 2Q07, (0.3)% for 3Q07 and (1.9)% for 4Q07.

The following wireline highlights are based on pro forma revenue and volume comparisons that combine results from AT&T and BellSouth in all periods and include ongoing shifts in customer categories to reflect AT&T's management of customer relationships.

CUSTOMER CATEGORIES

FURTHER STEP UP IN ENTERPRISE SERVICE GROWTH

AT&T is the premier provider for enterprise customers, delivering networking services and solutions to large multinational corporations, U.S. government agencies and regionally based domestic companies.

AT&T's recurring enterprise service revenue growth improved substantially in the fourth quarter, led by a 20.9 percent increase in enterprise IP data revenues, including areas such as VPNs, managed Internet services and hosting.

Recurring enterprise service revenues were up 1.8 percent versus the fourth quarter of 2006. This marks the strongest growth in this category since the company's acquisition of the former AT&T Corp. in 2005 and follows a year-over-year increase of 0.3 percent in the third quarter of 2007 and a decline of 3.5 percent in the fourth quarter of 2006. Recurring service revenues exclude CPE revenues as well as results from assets acquired during the past year.

Total enterprise revenues were $4.7 billion, down 1.9 percent versus the year-earlier quarter, reflecting de-emphasized CPE sales and lower CPE revenues in the fourth quarter of 2007.

With solid demand and sales momentum, AT&T expects to deliver positive growth in enterprise revenues throughout 2008, a year ahead of its original expectation.

AT&T is a leader in innovation as it continually enhances its global network and advanced product sets to deliver value-added solutions to enterprise customers.

For example, in December, AT&T announced that it had turned up the nation's first coast-to-coast network connections over new-generation IP/Multiprotocol Label Switching (MPLS) technology. Upon completion, the new-generation ultra-longhaul network will feature 25 U.S. hubs and will be the nation's most extensive deployment of OC-768 technology.

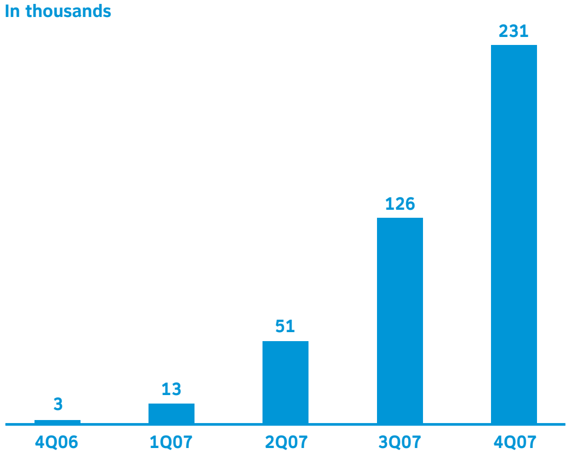
In November, AT&T announced that it had completed its acquisition of Interwise, a leading global provider of IP-based voice, Web and video conferencing services. In parallel, AT&T announced the launch of AT&T Connect™, the first in a planned series of converged AT&T-branded voice, video and Web conferencing products and services that will accelerate the delivery of unified communications to companies worldwide.

Also in the fourth quarter, Frost & Sullivan, a global consulting company, awarded AT&T the 2007 Government Vertical Market Penetration Leadership Award for Communication Service and Solutions. The award recognizes the company that has been most effective in bringing a wide range of scalable and technologically advanced communications solutions to federal, state and local government agencies. Frost & Sullivan recognized

AT&T's U-verse video service continues to ramp aggressively, with total installed base expected to exceed 1 million by the end of 2008.

AT&T U-VERSE VIDEO CONNECTIONS IN SERVICE

In thousands



AT&T's efforts in this sector after conducting an extensive survey of IT and telecom professionals from U.S. government agencies.

REGIONAL BUSINESS GROWTH

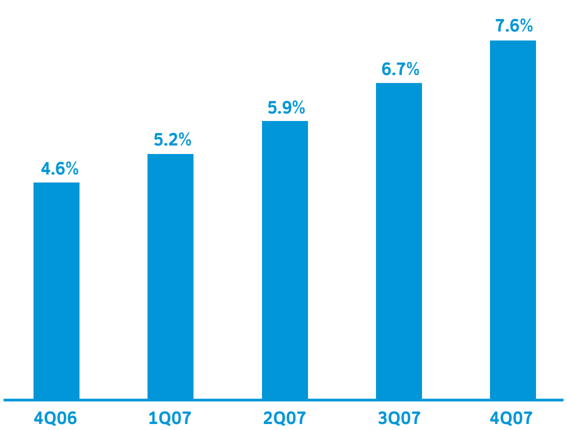
AT&T's regional business revenues increased 2.8 percent in the fourth quarter to $3.1 billion with continued growth in both voice and data services.

Consistent with recent quarters, regional business voice revenues reflect stable access lines and customer churn. Regional business data revenues, which make up 29.4 percent of the category, delivered 4.2 percent growth, led by double-digit growth in IP data services including gains in broadband, managed Internet and VPN services.

Regional business revenues from small and midsized firms increased approximately 5 percent. AT&T's broad portfolio of communications services for small and midsized businesses includes wireless, broadband Internet access, business e-mail services, Web-hosting, unified messaging, remote data storage and network security options.

AT&T delivered a net gain in total TV subscribers of 235,000 in the fourth quarter, as its U-verse video ramped and bundled satellite video growth remained strong.

AT&T CONSUMER VIDEO PENETRATION: U-VERSE VIDEO AND SATELLITE CONNECTIONS AS A PERCENTAGE OF CONSUMER PRIMARY LINES



4Q06 percentage based on pro forma totals, combining results from the former BellSouth and AT&T.

REGIONAL CONSUMER TRENDS, ACCELERATED VIDEO RAMP

Regional consumer revenues increased 0.2 percent versus the year-earlier quarter, consistent with trends in recent quarters. Results were driven by a 568,000 net gain in regional consumer connections over the past year. (Consumer connections are made up of retail access lines, high speed Internet and video connections.)

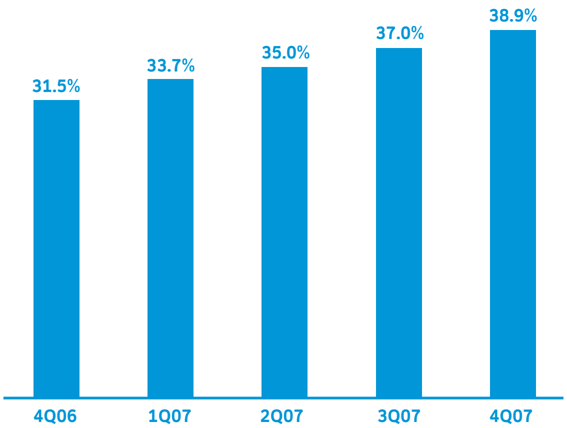
Gains in broadband and video connections totaled 2.6 million over the past year, more than offsetting net declines in traditional voice access lines. Total video subscribers, which include AT&T U-verse service and bundled satellite television service, increased by 235,000 in the fourth quarter to 2.3 million. Over the past year AT&T added 837,000 total TV subscribers, and at the end of the fourth quarter 7.6 percent of AT&T's primary consumer lines also had a video solution from AT&T, up from 4.6 percent one year earlier.

Growth in AT&T U-verse TV service accelerated during the fourth quarter. At the end of 2007, AT&T U-verse video subscribers who receive next-generation TV through the company's IP-based network totaled 231,000, up from 126,000 three months earlier. AT&T's U-verse weekly install rate in mid-December was approximately 12,000, ahead of the company's target of 10,000 by year's end.

In December, AT&T announced a major expansion of its AT&T U-verse services to include the company's Southeast region, with deployment now expected to reach

A growing percentage of AT&T consumers with primary lines also subscribe to AT&T's broadband service.

AT&T CONSUMER BROADBAND CONNECTIONS AS A PERCENTAGE OF CONSUMER PRIMARY LINES



4Q06 percentage based on pro forma totals, combining results from the former BellSouth and AT&T.

approximately 30 million living units across 22 states by the end of 2010. Living units consist of occupied and unoccupied housing as well as platted housing lots. AT&T expects that its U-verse services will represent a multibillion-dollar revenue stream by 2010. AT&T expects its U-verse video subscribers in service to exceed 1 million by the end of 2008.

Consumer primary lines declined by 656,000 in the fourth quarter versus a decline of 468,000 in the third quarter of 2007 and a pro forma decline of 332,000 for the year-earlier fourth quarter. These declines reflect broader industry trends, including migration to wireless and increased cable telephony coverage. Consumer line changes also in part reflect migrations from AT&T's national mass market category.

Average monthly revenues per consumer primary line increased steadily over the past year, driven by growth in broadband and video. In the fourth quarter, average monthly revenues per primary consumer line were $59.07, up 4.9 percent versus the year-earlier quarter.

BROADBAND GROWTH

AT&T's broadband revenues totaled $1.4 billion in the fourth quarter, up 13.7 percent versus the year-earlier quarter. In the fourth quarter, total high speed Internet connections, which include DSL, AT&T U-verse high speed Internet and satellite broadband services, increased by 396,000, and AT&T ended the year with 14.2 million consumer and business high speed Internet connections, up 2.0 million, or 16.3 percent, over the past year.

Across AT&T's regional operations, 38.9 percent of its consumer primary lines now have the company's broadband service, up from 31.5 percent a year earlier. In AT&T's West region, which comprises operations in California and Nevada, AT&T's broadband penetration of its primary consumer lines is now 45.6 percent.

In 2007, AT&T launched a stand-alone high speed Internet service, available as part of a new wireless and broadband service bundle now offered across most of the company's regional footprint. The bundle, available to qualified new and existing AT&T customers, provides an ideal communications package for customers who prefer the flexibility of a wireless phone as their primary voice line, as well as the benefits of a broadband Internet connection. At the end of the year, stand-alone high speed Internet connections in service exceeded 100,000.

WHOLESALE

AT&T is a leading global provider of wholesale services, delivering a full portfolio of reliable and highly secure network, voice, data and IP solutions to the six wholesale industry segments that it serves: carriers, wireless operators, cable providers, systems integrators, Internet service providers and content providers. AT&T is one of the largest wholesale transport and communications service providers in the world, maintaining connections to more than 400 carriers in more than 220 countries and territories.

In the fourth quarter, AT&T's wholesale revenues totaled $3.4 billion, representing a decline of 8.3 percent versus pro forma results for the year-earlier quarter.

AT&T's wholesale results reflect concessions associated with AT&T's acquisition of BellSouth Corporation and industry shifts as major consolidated carriers move traffic to their own networks. In addition, wholesale local voice revenues reflect the fact that the number of former UNE-P lines in service continues to decrease, offset in part by increased average revenues per line.

AT&T expects that wholesale revenues will stabilize in 2008 as merger conditions pass their one-year anniversary and carrier traffic migration nears completion. Volume demand from wireless carriers, Internet service providers and content providers continues to accelerate on a global basis, fueled by our customers' need to deliver data and video to end users.

On Oct. 1, AT&T and IBM announced an agreement that calls for AT&T to become the primary global network management services provider to IBM, which will use AT&T's global telecommunications and network management services internally and provide these services to customers. As a result, AT&T expects to receive up to $5 billion of additional revenues over the five-year term of the agreement, largely in the wholesale customer category. These revenues are expected to begin ramping in mid-2008.

In November, AT&T received two 2007 *Capacity Magazine* Global Wholesale Awards including the "Best National U.S. Wholesale Provider" award, for the second year in a row, and the "Best U.S. Metropolitan Provider." *Capacity* is a respected trade magazine for telecommunications carriers and service providers. The judging panel for the awards included the editors of *Capacity* as well as leading telecom industry analysts and consultants.

NATIONAL MASS MARKETS

Mass market revenues totaled $794 million in the fourth quarter, representing a decline of 33.4 percent year over year. Results are as expected and reflect the 2004 decision to discontinue proactive marketing in this space and AT&T's strategy of migrating customers within its regional footprint to its regional platforms, to deliver better service and a broader array of service options.

National mass markets, which represented 4.5 percent of total wireline revenues in the fourth quarter, accounted for 52.9 percent of AT&T's year-over-year decline in total wireline revenues.

PRODUCT CATEGORIES

DATA SERVICES

AT&T's data revenues, which include results from several customer categories, grew 4.5 percent versus pro forma results for the year-earlier fourth quarter to $6.2 billion. Data growth was led by a 16.8 percent increase in revenues from IP-based services, with continued gains in high speed Internet, managed Internet, VPN and hosting services. Data transport service revenues declined 1.3 percent, and packet switched data revenues, which include frame relay and ATM services, were down 8.2 percent, consistent with industry trends.

Nearly 73 percent of AT&T's data revenues are from business and consumer customers. These retail data revenues were up 7.1 percent versus pro forma results for the year-earlier quarter.

VOICE SERVICES

AT&T's fourth-quarter wireline voice revenues, which include retail local voice and long distance as well as wholesale voice, totaled $10.0 billion, representing a decline of 7.7 percent versus pro forma results for the fourth quarter of 2006. The national mass markets and wholesale customer categories accounted for more than three-fourths of the year-over-year decline in voice revenues.

Advertising & Publishing

AT&T is a leader in local search with more than 1,250 print directories and more than 1 billion searches in 2007 at its YELLOWPAGES.COM unit.

AT&T's Advertising & Publishing segment is focused on local search via print and electronic access. AT&T delivers print directories to more than 83 million residences and businesses in 22 states and has a premier online presence nationwide with YELLOWPAGES.COM, which offers consumers access to local business information, the latest business listings, city guides, maps and driving directions.

Combined, these print and online products receive more than 5 billion consumer searches a year for local business information and provide more than 1 million advertisers with valuable sales leads to help their businesses grow.

AT&T's fourth-quarter 2007 Advertising & Publishing segment results exclude deferred revenue and expense purchase accounting impacts related to the company's Dec. 29, 2006, acquisition of BellSouth Corporation. Prior to its acquisition by AT&T, BellSouth amortized the revenues and expenses of printed directory advertising books over the lives of the directories, typically 12 months.

In accordance with purchase accounting rules, BellSouth's deferred revenues and expenses for all directories delivered prior to the close of the merger have been eliminated in consolidated results. In 2007, this elimination results in reductions to consolidated revenues, expenses and net income from the former BellSouth directory operations, but the adjustment does not affect cash from operations. AT&T continues to manage its print directory business using amortized results. As a result, amortized results are shown in the Advertising & Publishing segment in AT&T's Statement of Segment Income. In 2008, consolidated and segment results will both reflect amortization accounting. As shown in AT&T's Statement of Segment Income, excluding these deferred revenue and expense purchase accounting impacts, in the fourth quarter AT&T's Advertising & Publishing revenues totaled $1.5 billion, operating expenses were $1.0 billion and operating income was $507 million.

These purchase accounting adjustments reduced fourth-quarter 2007 consolidated revenues by $53 million and operating expenses by $17 million. Also excluding merger-related intangible amortization and integration costs, fourth-quarter Advertising & Publishing operating expenses were $790 million and operating income was $683 million.

In addition to print Yellow Pages and White Pages and Internet Yellow Pages, AT&T offers businesses options such as Web sites with eCommerce capability and search engine marketing.

In December, AT&T announced the acquisition of Ingenio, a leading provider of Pay Per Call® technology. Integrating Ingenio's Pay Per Call solutions into AT&T's suite of offerings for advertisers will allow AT&T to provide an alternate performance-based lead generation tool for businesses.

AT&T expects that revenues from YELLOWPAGES.COM and content advertising will exceed $1.5 billion by 2010, up from approximately $600 million in 2007.

Other

AT&T's Other segment includes results from its Sterling Commerce unit, customer information services and equity investments in Telmex and América Móvil.

The major factor affecting year-over-year comparisons in the Other segment is the fact that in the fourth quarter of 2006 segment results included AT&T's proportionate share of equity income from Cingular Wireless, which at that time was structured as a joint venture. Following AT&T's acquisition of BellSouth, results from wireless operations are now presented only in the Wireless segment on AT&T's Statement of Segment Income.

On a reported basis, Other segment income totaled $354 million in the fourth quarter, versus $739 million in the year-earlier quarter. Before merger-related costs, Other segment income was $416 million, compared with $816 million in the fourth quarter of 2006.

The Other segment also includes results from AT&T's Sterling Commerce operations and AT&T's customer information services operations, both of which are included in segment revenues and operating expenses. Customer information services include operator services and directory assistance. Sterling Commerce is one of the world's largest providers of multi-enterprise collaboration solutions. The company serves the retail, consumer packaged goods, manufacturing, financial services, health care and telecommunications industries.

The Other segment includes AT&T's proportionate share of results from Telmex and América Móvil, which are shown in the Equity in Net Income of Affiliates line for this segment. AT&T's equity interest in each company is more than 8 percent.

América Móvil is one of the leading providers of telecommunications services in Latin America, with more than 143 million wireless subscribers, including more than 47 million in Mexico at the end of the third quarter of 2007.

Telmex is the leading telecommunications company in Mexico. Telmex and its subsidiaries provide a wide range of telecommunications services, data and video transmission, Internet access and integrated telecommunications solutions. Telmex also offers telecommunications services through its international subsidiaries in countries including Argentina, Brazil, Chile, Colombia and Peru.

AT&T Inc.

Consolidated Statements of Income (Unaudited)

(Dollars in Millions, Except per Share Amounts)

	Three Months Ended			Twelve Months Ended		
	12/31/07	12/31/06	% Change	**12/31/07**	12/31/06	% Change
Operating Revenues						
Voice	**$ 9,801**	$ 8,190	19.7%	**$ 40,798**	$33,714	21.0%
Data	**5,925**	4,684	26.5%	**23,206**	18,317	26.7%
Wireless service	**10,151**	199	—	**38,568**	223	—
Directory	**1,389**	918	51.3%	**4,806**	3,634	32.3%
Other	**3,083**	1,900	62.3%	**11,550**	7,167	61.2%
Total Operating Revenues	**30,349**	15,891	91.0%	**118,928**	63,055	88.6%
Operating Expenses						
Cost of services and sales (exclusive of depreciation and amortization shown separately below)	**11,734**	7,092	65.5%	**46,055**	28,542	61.4%
Selling, general and administrative	**7,900**	3,731	—	**30,892**	14,318	—
Depreciation and amortization	**5,223**	2,492	—	**21,577**	9,907	—
Total Operating Expenses	**24,857**	13,315	86.7%	**98,524**	52,767	86.7%
Operating Income	**5,492**	2,576	—	**20,404**	10,288	98.3%
Interest Expense	**868**	465	86.7%	**3,507**	1,843	90.3%
Equity in Net Income of Affiliates	**147**	605	-75.7%	**692**	2,043	-66.1%
Other Income (Expense) – Net	**1**	78	-98.7%	**615**	393	56.5%
Income Before Income Taxes	**4,772**	2,794	70.8%	**18,204**	10,881	67.3%
Income Taxes	**1,636**	856	91.1%	**6,253**	3,525	77.4%
Net Income	**$ 3,136**	$ 1,938	61.8%	**$ 11,951**	$ 7,356	62.5%
Basic Earnings Per Share	**$ 0.52**	$ 0.50	4.0%	**$ 1.95**	$ 1.89	3.2%
Weighted Average Common Shares Outstanding (000,000)	**6,054**	3,888	55.7%	**6,127**	3,882	57.8%
Diluted Earnings Per Share	**$ 0.51**	$ 0.50	2.0%	**$ 1.94**	$ 1.89	2.6%
Weighted Average Common Shares Outstanding with Dilution (000,000)	**6,095**	3,911	55.8%	**6,170**	3,902	58.1%

AT&T Inc.
Statements of Segment Income (Unaudited)

(Dollars in Millions)

	Three Months Ended			Twelve Months Ended		
	12/31/07	12/31/06	% Change	**12/31/07**	12/31/06	% Change
Wireless*						
Segment Operating Revenues						
Service revenues	**$10,186**	$ 8,803	15.7%	**$38,678**	$33,788	14.5%
Equipment sales	**1,169**	960	21.8%	**4,006**	3,749	6.9%
Total Segment Operating Revenues	**11,355**	9,763	16.3%	**42,684**	37,537	13.7%
Segment Operating Expenses						
Cost of services and equipment sales	**4,301**	3,839	12.0%	**15,991**	15,057	6.2%
Selling, general and administrative	**3,458**	3,007	15.0%	**12,594**	11,446	10.0%
Depreciation and amortization	**1,669**	1,588	5.1%	**7,079**	6,462	9.5%
Total Segment Operating Expenses	**9,428**	8,434	11.8%	**35,664**	32,965	8.2%
Segment Operating Income	**1,927**	1,329	45.0%	**7,020**	4,572	53.5%
Equity in Net Income of Affiliates	**4**	10	-60.0%	**16**	40	-60.0%
Minority Interest	**(55)**	(40)	-37.5%	**(198)**	(169)	-17.2%
Segment Income	**$ 1,876**	$ 1,299	44.4%	**$ 6,838**	$ 4,443	53.9%

*Results include 100% of AT&T's actual wireless results.

	Three Months Ended			Twelve Months Ended		
	12/31/07	12/31/06	% Change	**12/31/07**	12/31/06	% Change
Wireline						
Segment Operating Revenues						
Voice	**$10,011**	$ 8,190	22.2%	**$41,630**	$33,714	23.5%
Data	**6,157**	4,684	31.4%	**24,075**	18,317	31.4%
Other	**1,490**	1,441	3.4%	**5,872**	5,447	7.8%
Total Segment Operating Revenues	**17,658**	14,315	23.4%	**71,577**	57,478	24.5%
Segment Operating Expenses						
Cost of sales	**7,413**	6,621	12.0%	**30,214**	26,693	13.2%
Selling, general and administrative	**4,023**	3,369	19.4%	**16,180**	13,185	22.7%
Depreciation and amortization	**3,338**	2,410	38.5%	**13,411**	9,676	38.6%
Total Segment Operating Expenses	**14,774**	12,400	19.1%	**59,805**	49,554	20.7%
Segment Income	**$ 2,884**	$ 1,915	50.6%	**$11,772**	$ 7,924	48.6%
Advertising & Publishing						
Segment Operating Revenues	**$ 1,473**	$ 939	56.9%	**$ 5,851**	$ 3,685	58.8%
Segment Operating Expenses						
Cost of sales	**452**	268	68.7%	**1,733**	1,121	54.6%
Selling, general and administrative	**333**	171	94.7%	**1,333**	616	—
Depreciation and amortization	**181**	1	—	**924**	3	—
Total Segment Operating Expenses	**966**	440	—	**3,990**	1,740	—
Segment Operating Income	**507**	499	1.6%	**1,861**	1,945	-4.3%
Equity in Net Income (Loss) of Affiliates	**—**	(4)	—	**—**	(17)	—
Segment Income	**$ 507**	$ 495	2.4%	**$ 1,861**	$ 1,928	-3.5%
Other**						
Segment Operating Revenues	**$ 570**	$ 488	16.8%	**$ 2,234**	$ 1,878	19.0%
Segment Operating Expenses	**359**	348	3.2%	**1,827**	1,485	23.0%
Segment Operating Income	**211**	140	50.7%	**407**	393	3.6%
Equity in Net Income of Affiliates	**143**	599	-76.1%	**676**	2,020	-66.5%
Segment Income	**$ 354**	$ 739	-52.1%	**$ 1,083**	$ 2,413	-55.1%

**Equity in Net Income of Affiliates includes our 60% proportionate share of wireless results in 2006.

AT&T Inc.
Consolidated Balance Sheets
(Dollars in Millions, Except per Share Amounts)

	12/31/07 (Unaudited)	12/31/06
Assets		
Current Assets		
Cash and cash equivalents	**$ 1,970**	$ 2,418
Accounts receivable – net of allowances for uncollectibles of $1,364 and $1,276	**16,185**	16,194
Prepaid expenses	**1,524**	1,477
Deferred income taxes	**2,044**	3,034
Other current assets	**2,963**	2,430
Total current assets	**24,686**	25,553
Property, Plant and Equipment – Net	**95,890**	94,596
Goodwill	**70,713**	67,657
Licenses	**37,985**	34,252
Customer Lists and Relationships – Net	**14,505**	18,922
Other Intangible Assets – Net	**5,912**	6,566
Investments in Equity Affiliates	**2,270**	1,995
Postemployment Benefit	**17,291**	14,228
Other Assets	**6,392**	6,865
Total Assets	**$275,644**	$270,634
Liabilities and Stockholders' Equity		
Current Liabilities		
Debt maturing within one year	**$ 6,860**	$ 9,733
Accounts payable and accrued liabilities	**21,399**	22,106
Advanced billing and customer deposits	**3,571**	3,402
Accrued taxes	**5,027**	3,026
Dividends payable	**2,417**	2,215
Total current liabilities	**39,274**	40,482
Long-Term Debt	**57,255**	50,063
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	**24,939**	27,406
Postemployment benefit obligation	**24,011**	28,901
Unamortized investment tax credits	**150**	181
Other noncurrent liabilities	**14,648**	8,061
Total deferred credits and other noncurrent liabilities	**63,748**	64,549
Stockholders' Equity		
Common shares issued ($1 par value)	**6,495**	6,495
Capital in excess of par value	**91,638**	91,352
Retained earnings	**33,297**	30,375
Treasury shares (at cost)	**(15,683)**	(7,368)
Accumulated other comprehensive loss	**(380)**	(5,314)
Total stockholders' equity	**115,367**	115,540
Total Liabilities and Stockholders' Equity	**$275,644**	$270,634

AT&T Inc.

Consolidated Statements of Cash Flows (Unaudited)

(Dollars in Millions, Increase (Decrease) in Cash and Cash Equivalents)

	Twelve Months Ended		
	12/31/07	12/31/06	12/31/05
Operating Activities			
Net income	**$ 11,951**	$ 7,356	$ 4,786
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**21,577**	9,907	7,643
Undistributed earnings from investments in equity affiliates	**(297)**	(1,946)	(451)
Provision for uncollectible accounts	**1,617**	586	744
Amortization of investment tax credits	**(31)**	(28)	(21)
Deferred income tax benefit	**(240)**	(87)	(658)
Net gain on sales of investments	**(11)**	(10)	(135)
Gain on license exchange	**(409)**	—	—
Changes in operating assets and liabilities:			
Accounts receivable	**(1,491)**	519	(94)
Other current assets	**(1,020)**	30	34
Accounts payable and accrued liabilities	**672**	(2,213)	74
Stock-based compensation tax benefit	**(173)**	(18)	(3)
Other – net	**1,927**	1,519	1,055
Total adjustments	**22,121**	8,259	8,188
Net Cash Provided by Operating Activities	**34,072**	15,615	12,974
Investing Activities			
Construction and capital expenditures	**(17,717)**	(8,320)	(5,576)
Net investments in affiliates	**—**	(1,104)	2,436
Dispositions	**1,594**	756	526
Acquisitions, net of cash acquired	**(2,873)**	368	1,504
Proceeds from sale of marketable securities	**471**	—	—
Proceeds from sale of debt and equity securities	**562**	—	—
Investments in debt and equity securities	**(579)**	—	—
Maturities of held-to-maturity securities	**—**	—	99
Proceeds from note repayment	**—**	—	37
Other	**36**	7	—
Net Cash Used in Investing Activities	**(18,506)**	(8,293)	(974)
Financing Activities			
Net change in short-term borrowings with original maturities of three months or less	**(3,411)**	3,649	(4,119)
Issuance of long-term debt	**11,367**	1,491	1,973
Repayment of long-term debt	**(6,772)**	(4,242)	(2,682)
Purchase of treasury shares	**(10,390)**	(2,678)	(1,843)
Issuance of treasury shares	**1,986**	589	432
Repurchase of preferred shares of subsidiaries	**—**	—	(728)
Dividends paid	**(8,743)**	(5,153)	(4,256)
Stock-based compensation tax benefit	**173**	18	3
Other	**(224)**	198	(6)
Net Cash Used in Financing Activities	**(16,014)**	(6,128)	(11,226)
Net increase (decrease) in cash and cash equivalents from continuing operations	**(448)**	1,194	774
Net Cash Used in Operating Activities from Discontinued Operations	**—**	—	(310)
Net increase (decrease) in cash and cash equivalents	**(448)**	1,194	464
Cash and cash equivalents beginning of year	**2,418**	1,224	760
Cash and Cash Equivalents End of Year	**$ 1,970**	$ 2,418	$ 1,224

AT&T Inc.

Supplementary Operating and Financial Data (Unaudited)

(Dollars in Millions, Except per Share Amounts)

	Three Months Ended			Twelve Months Ended		
	12/31/07	12/31/06	% Change	**12/31/07**	12/31/06	% Change
Wireless						
Wireless Customers (000)				**70,052**	60,962	14.9%
Net Customer Additions (000)	**2,675**	2,357	13.5%	**7,315**	6,892	6.1%
M&A Activity, Partitioned Customers and Other Adjs. (000)	**1,711**	(61)	—	**1,775**	(74)	—
Postpaid Customers (000)				**55,310**	49,877	10.9%
Net Postpaid Customer Additions (000)	**1,178**	861	36.8%	**3,982**	3,730	6.8%
Postpaid Churn	**1.2%**	1.5%	-30 BP	**1.3%**	1.5%	-20 BP
Licensed POPs (000,000)[1]				**299**	296	1.0%
In-Region Wireline[2]						
Total Consumer Revenue Connections (000)						
Retail Consumer Access Lines				**35,047**	37,120	-5.6%
Consumer Broadband Connections[3]				**12,082**	10,278	17.6%
Video Connections:[4]						
Satellite Connections				**2,116**	1,507	40.4%
U-verse Video Connections				**231**	3	—
Total Consumer Revenue Connections (000)				**49,476**	48,908	1.2%
Net Consumer Revenue Connections Changes (000)	**(163)**	15,711	—	**568**	15,905	-96.4%
Switched Access Lines (000)[8]						
Retail Consumer – Primary				**31,035**	32,636	-4.9%
Retail Consumer – Additional				**4,012**	4,484	-10.5%
Retail Business				**22,754**	23,295	-2.3%
Retail				**57,801**	60,415	-4.3%
Wholesale[5]				**3,530**	5,724	-38.3%
Coin[6]				**251**	330	-23.9%
Total Switched Access Lines (000)				**61,582**	66,469	-7.4%
Net Switched Access Line Changes (000)	**(1,289)**	19,382	—	**(4,887)**	17,056	—
Total Broadband Connections (000)[3,8]				**14,156**	12,170	16.3%
Net Broadband Connections Changes (000)[3]	**396**	4,015	-90.1%	**1,986**	5,249	-62.2%
Video Connections (000)[4,8]				**2,347**	1,510	55.4%
Net Video Connections Changes (000)[4]	**235**	867	-72.9%	**837**	997	-16.0%
AT&T Inc.						
Capital Expenditures	**$ 5,593**	$ 2,162	—	**$ 17,717**	$ 8,320	—
Dividends Declared per Share	**$0.4000**	$0.3550	12.7%	**$ 1.4650**	$ 1.3525	8.3%
End of Period Common Shares Outstanding (000,000)				**6,044**	6,239	-3.1%
Debt Ratio[7]				**35.7%**	34.1%	160 BP
Total Employees				**309,050**	304,180	1.6%

[1]Licensed POPs numbers do not include Dobson.
[2]In-region wireline represents access lines served by AT&T's incumbent local exchange companies.
[3]Broadband connections include DSL lines, U-verse high speed Internet access and satellite broadband.
[4]Video connections include sales under agency agreements with EchoStar and DirecTV customers and U-verse connections.
[5]Wholesale lines include 0.2 million lines purchased by AT&T Corp. at 12/31/07 and 1.3 million at 12/31/06.
[6]Coin includes both retail and wholesale access lines.
[7]Total long-term debt plus debt maturing within one year divided by total debt plus total stockholders' equity.
[8]Prior year amounts restated to conform to current period reporting methodology.

First-Quarter 2008 Earnings Date: April 22, 2008

AT&T will release first-quarter 2008 earnings on April 22, 2008, before the market opens.

The company's **Investor***Briefing* and related earnings materials will be available on the AT&T Web site at *www.att.com/investor.relations* by 8 a.m. Eastern time.

AT&T will also host a conference call to discuss the results at 10 a.m. Eastern time the same day. Dial-in and replay information will be announced on First Call approximately eight weeks before the call, which will also be broadcast live and will be available for replay over the Internet at *www.att.com/investor.relations*.

Cautionary Language Concerning Forward-Looking Statements

Information set forth in this **Investor***Briefing* contains financial estimates and other forward-looking statements that are subject to risks and uncertainties, and actual results may differ materially. A discussion of factors that may affect future results is contained in AT&T's filings with the Securities and Exchange Commission. AT&T disclaims any obligation to update or revise statements contained in this **Investor***Briefing* based on new information or otherwise.

This **Investor***Briefing* may contain certain non-GAAP financial measures. Reconciliations between the non-GAAP financial measures and the GAAP financial measures are available on the company's Web site at *www.att.com/investor.relations*.

AT&T **Investor***Briefing*

The AT&T **Investor***Briefing* is published by the Investor Relations staff of AT&T Inc. Requests for further information may be directed to one of the Investor Relations managers by phone at 210-351-3327 or by fax at 210-351-2071.

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